ATTACHMENT 2 - DEFINITIONS

Following are definitions for terms used in the TRICARE Retail Pharmacy program (TRRx) Performance Work Statement, which delineates the requirements of the TRRx program and contractor responsibilities.

Access Standards: Beneficiary access standards broken into three categories, each defined as follows:

- **Urban** - A five digit ZIP Code in which the population density is greater than 3,000 persons per square mile.
- **Suburban** - A five digit ZIP Code in which the population density is between 1,000 and 3,000 persons per square mile.
- **Rural** - A five digit ZIP Code in which the population density is less than 1,000 persons per square mile.

Administrative Fee: The offered price that represents all administrative charges relative to prescription transaction processing.

Authorized Supplies: Non-drug items (usually used in conjunction with the administration of a drug) approved by the DoD P&T Committee for inclusion in the Formulary, and appearing on the formulary web site at: www.pec.ha.osd.mil

Average Wholesale Price (AWP): AWP is the wholesale list price of the drug, as listed in the BLUE BOOK "Essential Directory of Pharmaceuticals". Most discounting formulas use AWP as a reference point (e.g. AWP – 18%) to determine actual cost. DSCP and WebMD use First Data Bank (FDB) to obtain access to this information.

Catastrophic Cap: To protect all beneficiaries from devastating financial loss due to serious illness or long-term treatment, the government sets maximum dollar limits over which beneficiaries will be not be required to pay. This is called their Catastrophic Cap Benefit. After the maximum dollar limit is reached, TRICARE beneficiaries will not pay any additional cost-share or deductible for allowable health care services received during the remainder of the fiscal/enrollment year.

For Active Duty family members, the maximum family liability is $1,000 for deductibles and cost-shares based on allowable charges for basic program services and supplies received in a fiscal year (October 1 - September 30).

For retirees and their family members and survivors, the fiscal year cap is $3,000. For retirees and family members enrolled in TRICARE Prime, the catastrophic cap is $3,000 per 12- month enrollment period.

Certification and Accreditation (C&A) process: The C&A process ensures that the trust requirement is met for systems and networks. Certification is the determination of the appropriate level of protection required for information systems/networks. Certification also includes a comprehensive evaluation of the technical and non-technical security features and countermeasures required for each system/network. Accreditation is the formal approval by the Government to operate the contractor's IS/networks in a particular security mode using a prescribed set of safeguards at an acceptable level of risk. In addition, accreditation allows IS/networks to operate within the given operational environment with stated interconnections; and with appropriate level-of-protection for the specified period. The C&A requirements apply to all DoD ISs/networks and Contractor ISs/networks that access, manage, store, or manipulate electronic SI data.

CHAMPUS (Civilian Health and Medical Program of the Uniformed Services): Prior to implementation of DoD's TRICARE Managed Care, CHAMPUS was the term for the program providing "purchased" care to eligible DoD beneficiaries from civilian health care providers outside a military medical facility. CHAMPUS was implemented to augment care provided in military facilities; in some cases, CHAMPUS was the only source of health care coverage for eligible beneficiaries if care could not be obtained in a military facility. CHAMPUS has been replaced by TRICARE, however, the terms are often used interchangeably to mean "purchased cared".

Continued Health Care Benefit Program (CHCBP): The Continued Health Care Benefit Program (CHCBP) is a premium-based temporary health care coverage program available to members of the Uniformed Services who are discharged or released from active duty (or full time National Guard duty), whether voluntary or involuntary as long as not under adverse conditions, and their family members. Although CHCBP is not part of the TRICARE/CHAMPUS program, it is intended to model the TRICARE Standard plan, and functions under most of the rules and procedures of the TRICARE/CHAMPUS program. Therefore, CHCBP beneficiaries are eligible for prescription benefits under this program.

Contracting Officer
The only person authorized to enter into, or make changes and amendments to, a contract between the United States Government and a contractor.

Contracting Officer's Representative (COR): A government representative, appointed in writing by the contracting officer, who represents the contracting officer in technical matters.

Controlled Substances: Those medications which are included in one of the schedules of the Controlled Substances Act of 1970 and as amended.

Co-payment: The beneficiary's part of the bill, or cost share, for which the beneficiary is responsible prior to receiving a prescription under this contract.

Days Supply: The number of days that the dispensed quantity of drug should last, based on directions for use with a limit as the First Data Bank recommended maximum daily dose (unless specifically altered by DoD).

Defense Enrollment Eligibility Reporting System (DEERS): A single source of real-time, on line entitlement information on uniformed services beneficiaries. It is used, in part, to document and verify eligibility for uniformed service health care.

Defense Medical Information System (DMIS): A medical information system used by DoD to track beneficiary information. Beneficiaries will have DMIS identification numbers in their DEERS record that identifies the managed care plan in which the beneficiary is enrolled.

Department of Defense PDTS Customer Service Support Center (CSSC): DoD organization responsible for Tier I and Tier II (systems and software) support of the PDTS project. The CSSC resolves PRODUR point of service (POS) conflicts between MTFs, the TRICARE Mail Order Pharmacy (TMOP), and the retail pharmacy contractor; monitor quantity limits (which are cumulative between all three points of service); issue NCPDP provider numbers for direct care pharmacies; and maintain "lock out" and "include" databases for closed class and mandatory use requirements contracts.

Department of Defense Pharmacoeconomic Center (PEC): The PEC's mission is to improve the clinical, economic, and humanistic outcomes of drug therapy in support of the readiness and managed care missions of the Military Health System (MHS). The PEC is comprised of pharmacists, physicians, and pharmacy technicians from each of the three Services, as well as civilian pharmacists and support personnel.

Department of Defense Pharmacy and Therapeutics (P&T) Committee: A DoD Chartered committee with representatives from MTF providers and MTF pharmacists, the TMOP contractor, a TRICARE Retail Network pharmacy provider, and the TRICARE Retail Network contractors. The P&T Committee's primary role is establishing and maintaining the DoD level Formularies for the Mail Order Program and the direct care system's (military treatment facilities) basic core formulary (BCF). The responsibilities of this committee will expand under the Uniform Formulary Rule.

Formulary: A listing of pharmaceuticals and other authorized supplies to be dispensed with appropriate prescriber's order from a particular point of service. Formularies for this contract will be managed by the DoD Pharmacy and Therapeutics (P&T) Committee with clinical guidance from the DoD Pharmacoeconomic Center (PEC). Applicable formulary information for this contract may be viewed on the PEC web site at: www.pec.ha.osd.mil.

Immediate Family Member: The spouse, natural parent, child and sibling, adopted child and adoptive parent, stepparent, stepchild, grandparent, grandchild, stepbrother and stepsister, father-in-law, mother-in-law of the beneficiary or provider, as appropriate. For purposes of this definition only, to determine who may render services to a beneficiary, the step-relationship continues to exist even if the marriage upon which the relationship is based terminates through divorce or death of one of the parents.

Intervention: A change in therapy resulting from the prospective drug utilization review process and contact with the prescriber and/or the beneficiary because of allergy, clinically significant interactions, duplicative therapy, or other reasons.

Intervention Report: A report of prescriptions not dispensed or changes in therapy as a result of contact with prescribers and/or beneficiaries because of allergies, clinically significant interactions, duplicative therapy, or other reasons. The intervention report shall also contain the resultant change in cost due to the intervention, if possible.

Investigational Drugs: New drugs or biological drugs, not yet available for prescribing to the general public but currently being used in a clinical investigation.

Medication Error: A medication error occurs when a pharmacy delivers to a beneficiary a prescription order containing one or more of the following: wrong medication, wrong strength, wrong count, wrong dose, wrong route of administration, outdated medications, wrong directions, wrong auxiliary labels, wrong patient information leaflets, or medication(s) labeled for or dispensed to the wrong patient.

Non-compliant: Patient did not receive the medication for various reasons (eg did not present themselves within the given 10 day grace period, pharmacy cancelled the prescription) and as a result the medication is returned to stock. A subsequent reversal is automatically sent to PDTS which will result in the removal of the prescription fill from the patient profile as well as a financial credit to the Government.

Other Health Insurance (OHI): Health insurance coverage other than TRICARE.

Over-the-Counter Medications (OTC): Medications that by law do not require a prescription. However, for covered OTC items which can be viewed on the PEC web site at: www.pec.ha.osd.mil, a prescription must be submitted to the contractor before any drugs or authorized supplies will be dispensed.

Patient Profile: A complete data base for each beneficiary receiving prescriptions under this program including: name, address, telephone number, date of birth, gender, patient identification number (sponsor's Social Security number and DEERS dependent suffix), service sponsorship, status category, chronic medical conditions (diagnosis code), allergies and adverse drug experiences, past medication history, prescriptions dispensed, non receipt of prescriptions, status on interventions and prescription problems resolved, Prior Authorizations approved or denied, and any other information supplied by the beneficiary in the patient data form or updates.

Performance Standard: Guidelines against which performance shall be measured for specific aspects of this contract.

Pharmacy Data Transaction Service (PDTS): A bi-directional data transaction service that electronically transmits encrypted prescription data using NCPDP standards, between pharmacy points of service (direct care, mail order, and retail pharmacies). The PDTS provides the capability to perform prospective drug utilization review (ProDUR) by integrating pharmacy data from all three points of service with increased clinical screening and medication-related outcomes.

Prescriber: A physician or other individual professional provider of services or supplies specifically authorized to prescribe medications in accordance with all applicable federal and state laws.

Prescription: A legal order from an authorized prescriber to dispense pharmaceuticals or other authorized supplies.

Prior Authorization: For certain drugs, DoD requires the contractor to obtain verification from the prescriber that the beneficiary meets certain clinical criteria to receive the drug.

Prospective Drug Utilization Review (ProDUR): A process used to identify any potential medication problems that may occur, based on a patient's current prescription, applicable patient profile information, and medication history, prior to the point of dispensing. ProDUR is used to detect over-utilization, under-utilization, therapeutic duplication, drug-disease complications, drug interactions, incorrect dosages and duration of therapy.

Quality Assurance: A process for ensuring that effective quality control measures are in place to ensure that pharmaceuticals are dispensed accurately and timely. Quality assurance functions may be performed by both the contractor and the government.

Quality Control: Processes and procedures employed by the contractor to ensure that pharmaceuticals are dispensed accurately and timely.

Quality Improvement: An approach to quality management that builds upon traditional quality assurance methods by emphasizing (1) the organization and systems (rather than individuals), (2) the need for objective data with which to analyze and improve processes, and (3) the ideal that systems and performance can always improve even when high standards appear to have been met.

Retrospective Drug Utilization Review: Monitoring, which occurs after a medication is dispensed, for therapeutic appropriateness, over-utilization and under-utilization, therapeutic duplication, drug-disease contraindications, drug interactions, incorrect dosage or duration of therapy.

Reversed: Status of claim once reversal transaction is transmitted for the removal of the PAID claim from a patient's profile.

Sensitive Information: DoD Instruction 5200.40 (DoD Information Technology Security Certification and Accreditation Process (DITSCAP)), at Enclosure 2, paragraph E2.1.52. defines Sensitive Information as:

Information, the loss, misuse, or unauthorized access to or modification of which could adversely affect the national interest or the conduct of federal programs, or the privacy to which individuals are entitled under 5 U.S.C. Section 552a [the Privacy Act], but that has not been specifically authorized under criteria established by an Executive Order or an Act of Congress to be kept secret in the interest of national defense or foreign policy.

Split-billing: The process by which claims for beneficiaries who have more than one insurer can have their claims processed for payment with the submission of only one electronic claim. The National Council for Prescription Drug Programs (NCPDP) is currently developing this capability as an Industry standard under HIPAA compliant 5.X standards. The anticipated process will allow the submitting pharmacy to send one electronic claim with multiple segments so that the primary insurer will be billed and the remaining amount due will then be automatically transmitted to the secondary (and so on) insurer(s) until all insurance options are exhausted thus resulting in a true patient co-pay.

Sponsor: An active duty member, retiree, or deceased active duty member or retiree, of a Uniformed Service upon whose status his or her family members' eligibility for TRICARE is based.

TRICARE: The Department of Defense's managed health care program for active duty service members, service families, retirees and their families, survivors, and other TRICARE-eligible beneficiaries. TRICARE is a blend of the military's direct care system of hospitals and clinics and civilian providers. TRICARE offers three (3) options: TRICARE Standard, TRICARE Extra, and TRICARE Prime (see definitions below).

TRICARE Beneficiary: An individual who has been determined to be eligible for TRICARE benefits, as set forth in 32 CFR 199.3.

TRICARE eligibility: Any person eligible for CHAMPUS benefits, as well as any person not eligible for CHAMPUS benefits but otherwise eligible for the TRICARE Senior Pharmacy Program, as set forth at 32 CFR 199.3.

TRICARE Management Activity (TMA): The DoD organization for responsible managing the TRICARE contracts and day-to-day operations of the TRICARE program.

TRICARE Regulation: 32 CFR 199. This regulation prescribes guidelines and policies for the administration of the TRICARE Program for the Army, Navy, Air Force, Marine Corps, Coast Guard, Commissioned Corps of the U.S. Public Health Service (USPHS) and the Commissioned Corps of the National Oceanic and Atmospheric Administration (NOAA). It includes the guidelines and policies for the administration of the TRICARE Program.

Uniform Formulary: Public Law 106-65, DoD Authorization Act of Fiscal Year 2000, at section 701, has mandated that DoD develop a uniform formulary to be applied across all points of service within the TRICARE system. Pharmaceuticals

and other supplies authorized for dispensing will be in accordance with TRICARE policy and the Uniform Formulary. Recommendations for the design, structure and composition of the Uniform Formulary are developed by the Department of Defense Pharmacy and Therapeutics (P&T) Committee, with comments by the Uniform Formulary Beneficiary Advisory Panel, and provided to the Executive Director, TRICARE Management Activity for approval and implementation.

Uniformed Services: The Army, Navy, Air Force, Marine Corps, Coast Guard, Commissioned Corps of the United States Public Health Service (USPHS), and the Commissioned Corps of the National Oceanographic and Atmospheric Administration (NOAA).

Unproven drugs, devices, and medical treatments or procedures: Drugs, devices, medical treatments or procedures are considered unproven if 1) FDA approval is required and has not been given; 2) If the device is a FDA Category A Investigational Device Exemption (IDE); 3) If there is no reliable evidence which documents that the treatment or procedure has been the subject of well-controlled studies of clinically meaningful endpoints which have determined its maximum tolerated dose, its toxicity, its safety, and its efficacy as compared with the standard means of treatment or diagnosis; 4) If the reliable evidence shows that the consensus among experts regarding the treatment or procedure is that further studies or clinical trials are necessary to determine its maximum tolerated dose, its safety, or its effectiveness as compared with the standard means of treatment or diagnosis. For further clarification see 32 CFR 199.4(g)(15).